



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5864-N-01]

Mortgagee Review Board: Administrative Actions

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: In compliance with Section 202(c)(5) of the National Housing Act, this notice advises of the cause and description of administrative actions taken by HUD’s Mortgagee Review Board against HUD-approved mortgagees.

FOR FURTHER INFORMATION CONTACT: Nancy A. Murray, Secretary to the Mortgagee Review Board, Department of Housing and Urban Development, 451 7th Street SW, Room B-133/3150, Washington, DC, 20410-8000; telephone (202) 708-2224 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION: Section 202(c)(5) of the National Housing Act (12 U.S.C. 1708(c)(5)) requires that HUD “publish a description of and the cause for administrative action against a HUD-approved mortgagee” by the Department’s Mortgagee Review Board (“Board”). In compliance with the requirements of Section 202(c)(5), this notice advises of actions that have been taken by the Board in its meetings from October 1, 2013 to September 30, 2014.

I. Civil Money Penalties, Withdrawals of FHA Approval, Suspensions, Probations, Reprimands, and Administrative Payments.

1. Affiliated Funding Corporation, Santa Ana, CA [Docket No. 14-1550-MR]

Action: On November 6, 2014, the Board issued a Notice of Administrative Action permanently withdrawing the FHA approval of Affiliated Funding Corporation (“AFC”).

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: AFC failed to notify HUD in accordance with HUD/FHA requirements that it had ceased business operations and its license was revoked by the State of California Department of Corporations; failed to comply with HUD’s annual recertification requirements by failing to timely submit audited financial statements for fiscal year December 31, 2012; failed to properly underwrite FHA insured loans in accordance with HUD/FHA requirements in analyzing borrower liabilities, and documenting borrowers’ incomes and gift funds; failed to comply with HUD/FHA’s property flipping requirements; failed to ensure an FHA insured loan was not used as an investment; failed to resolve Automated Underwriting System findings and issues relating to appraisal reports; and failed to refund the unused Upfront Mortgage Insurance Premiums to a borrower.

2. American Fidelity Mortgage Services, Inc., Lisle, IL [Docket No. 14-1556-MR]

Action: On November 14, 2014, the Board entered into a settlement agreement with American Fidelity Mortgage Services, Inc. (“AFMS”) that required AFMS to pay a civil money penalty in the amount of \$10,500 and indemnify the Department for the life of the loan on three (3) HUD/FHA insured loans.

Cause: The Board took this action based on the following violations of HUD/FHA

requirements alleged by HUD: AFMS violated HUD/FHA's underwriting requirements when it approved a mortgage whose term exceeded the maximum length permitted by HUD; approved a mortgage for a borrower with unstable income; and approved a mortgage with debt-to-income ratios which exceeded HUD guidelines without acceptable compensating factors.

3. First Residential Mortgage Services Corporation, Englewood Cliffs, NJ [Docket No. 13-1339-MR]

Action: On January 14, 2014 the Board issued a Notice of Administrative Action withdrawing the FHA approval of First Residential Mortgage Services Corporation ("FRMSC") for a period of five (5) years.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: FRMSC (a) violated the terms of two repayment plans in accordance with FRMSC's indemnification agreements with HUD; and (b) failed to adequately document the source of funds used for a down payment, for closing costs, or for the payment of outstanding liabilities in connection with thirteen (13) FHA insured loans.

4. Gateway Bank Mortgage, Inc., Raleigh, NC [Docket No. 13-1545-MR]

Action: On July 3, 2014, the Board entered into a Settlement Agreement with Gateway Bank Mortgage, Inc. ("GBM") that required GBM, without admitting fault or liability, to pay a civil money penalty in the amount of \$98,500 and to indemnify HUD with respect to four (4) FHA loans for any loss resulting from a default occurring within five (5) years from the date of endorsement.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: GBM (a) failed to comply with HUD's Quality Control

requirements; (b) failed to conduct pre-endorsement reviews for Lender Insured loans; (c) failed to retain documentation in loan files; and (d) failed to properly verify and document gift funds.

5. JP Morgan Chase Bank NA, Iselin, NJ [Docket No. 13-1540-MR]

Action: On January 31, 2014, the Board voted to provide an administrative release as part of a settlement agreement between JP Morgan Chase Bank, NA (“Chase”) and the United States that required Chase to pay the United States \$614 million, of which HUD received \$564.6 million.

Cause: The Board took this action as a result of an investigation into FHA mortgage fraud.

6. Liberty Mortgage Corporation, Erie, PA [Docket No. 13-1546-MR]

Action: On July 10, 2014, the Board entered into a Settlement Agreement with Liberty Mortgage Corporation (“LMC”) that required LMC, without admitting fault or liability, to pay HUD \$294,788.56 for five outstanding indemnification agreements.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: LMC failed to remit payments to HUD/FHA in accordance with five (5) previously executed indemnification agreements.

7. LoanCare LLC f/k/a/ FNF Servicing, Inc., Virginia Beach, VA [Docket No. 13-1323-MR]

Action: On April 10, 2014, the Board entered into a Settlement Agreement with LoanCare LLC f/k/a FNF Servicing, Inc. (“LoanCare”) that required LoanCare, without admitting fault or liability, to pay civil money penalties in the amount of \$475,000, to indemnify HUD for any losses it may incur with respect to one loan, to refund loss

mitigation incentive fees to HUD, and to refund any late fees and inspection fees improperly charged to borrowers.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: LoanCare failed to comply with HUD requirements regarding quality control plans, servicing, loss mitigation, foreclosure, documentation, default reporting, and the charging of late fees and inspection fees.

8. MB Financial Bank N.A., Chicago, Ill [Docket No.14-1655-MRT]

Action: On June 4, 2014, the Board entered into a Settlement Agreement with MB Financial (MB) requiring MB, without admitting fault or liability, to pay an administrative payment in the amount of \$10,000.

Cause: MB failed to timely meet the Department's annual recertification requirements for its fiscal year ended December 31, 2012, by (a) failing to timely submit its audited financial statements and supplementary reports; (b) failing to timely pay its recertification fee; and (c) failing to timely submit its online certification.

9. Mortgage Now Inc., Shrewsbury, NJ [Docket No. 14-0000-MR]

Action: On August 19, 2014, the Board entered into a Settlement Agreement with Mortgage Now Inc. ("MN") that required MN to pay a civil money penalty in the amount of \$22,500, an administrative payment in the amount of \$8,500 and payment in the amount of \$37,309.89 under the terms of a previously signed indemnification agreements, and agreed to indemnify HUD for any losses it might suffer with respect to one loan.

Cause: The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: MN (a) failed to notify HUD it paid a \$10,000 fine to the

Commonwealth of Pennsylvania's Department of Banking and Securities, Bureau of Compliance and Licensing relating to the cancellation of MN's surety bond; (b) failed to notify HUD it was ordered by the State of California to discontinue disbursing trust funds in the State due to the cancellation of MN's surety bond; (c) falsely certified on its 2012 Annual Certification that it had not been sanctioned by any state agency, and (d) failed to pay HUD amounts it owed under indemnification agreements.

10. Ofori and Associates, PC., Washington, DC [Docket No. 10-1434-MRT]

Action: On February 18, 2014, the Board issued a Notice of Administrative Action to withdraw the FHA approval of Ofori and Associated, P.C., ("Ofori") for a period of one (1) year.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Ofori failed to meet HUD's requirement that FHA-approved non-supervised mortgagees must derive at least 50% of their annual gross revenue from the lending or investing of funds in real estate mortgages or a directly related field.

11. Residential Lending Services, Inc. Newark, NJ [Docket No. 13-1547-MR]

Action: On May 13, 2014 the Board issued a Notice of Administrative Action permanently withdrawing the FHA approval of Residential Lending Services, Inc., ("RLS").

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: RLS failed to notify HUD that it had filed for bankruptcy and ceased operations. In addition, RLS failed to submit audited financial statements for fiscal years 2011 and 2012.

12. RH Lending, Colleyville, TX [Docket No. 13-1548-MR]

Action: On July 8, 2014, the Board entered into a Settlement Agreement with RH Lending (“RH”) under which RH, without admitting fault or liability, agreed not to contest the Board’s permanent withdrawal of RH’s FHA approval, and which required RH to pay a civil money penalty in the amount of \$300,000.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: RH (a) submitted a false certifications on forty-one (41) FHA insured loans; (b) disbursed manufactured home loan proceeds to an unlicensed installer; (c) violated HUD’s prohibition to pay or accept kickbacks, referral fees and /or splitting fees; and (d) provided false information, by its CEO, to the Mortgagee Review Board.

13. Sun Home Loans, Inc., Vineland, NJ [Docket No. 14-1679-MR]

Action: On April 10, 2014, the Board entered into a Settlement Agreement with Sun Home Loans (“SHL”) that required SHL, without admitting fault or liability, to pay a civil money penalty in the amount of \$30,000.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: SHL failed to timely notify HUD of its (a) merger with Sun National Bank; (b) failed to notify HUD it had a change in its corporate officers; and (c) failed to timely submit its annual audited financial statements for fiscal years 2011 and 2012.

14. SunTrust Mortgage, Inc., Richmond, VA [Docket No. 12-1651-MR]

Action: On June 16, 2014, the Board voted to release administrative claims it might have against Suntrust Mortgage, Inc. (“SM”), in conjunction with a settlement agreement

entered into between SM, the United States, the Consumer Protection Financial Bureau, and several states that required, among other things, that SM comply with specified servicing standards, provide certain consumer relief, and pay a settlement amount of \$418 million, of which HUD received \$300 million.

Cause: The Board took this action as a result of an investigation into FHA mortgage fraud.

15. The First Mortgage Corporation, Flossmoor, IL [Docket No. 14-1544-MR]

Action: On May 13, 2014, the Board issued a Notice of Administrative Action permanently withdrawing the FHA approval of The First Mortgage Corporation (“FMC”).

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: FMC: (a) failed to notify HUD that it had ceased operations; (b) failed to notify HUD that it was the subject of an involuntary Chapter 7 Bankruptcy petition filed on December 7, 2012; (c) failed to notify HUD that its license had been revoked and that a fine was assessed by the Department of Financial and Professional Regulation, Division of Banking, State of Illinois; and (d) failed to submit its annual recertification and acceptable audited financial statement, and to pay the annual recertification fee for its fiscal year ending June 30, 2013.

16. US Bank, N.A. Minneapolis, MN [Docket No. 12-1541-MR]

Action: On June 25, 2014, the Board voted to provide an administrative release in conjunction with a Settlement Agreement entered into between US Bank (“USB”) and the United States that required USB, without admitting fault or liability, to pay a settlement amount of \$200 million, of which HUD would receive \$144,199,970.

Cause: The Board took this action as a result of an investigation into mortgage fraud.

17. WCS Lending, Boca Raton, FL [Docket No. 12-1645-MR]

Action: On, July 10, 2014, the Board issued a Notice of Administrative Action withdrawing the FHA approval of WCS Lending (“WCS”) for a period of five years.

Cause: The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: WCS failed to notify HUD that it: (a) had ceased operations; (b) filed an Assignment for the benefit of Creditors in the State of Florida on December 18, 2013; (c) entered into a Consent Order with the Commissioner of Banks for the Commonwealth of Massachusetts on January 13, 2012; and (d) entered into a Consent Agreement and Order with the Commonwealth of Pennsylvania Department of Banking, Bureau of Compliance and Licensing and on July 3, 2012. In addition, HUD alleged that WCS submitted a false certification on its annual recertification dated February 13, 2013, failed to comply with the terms of (6) indemnification agreements, and approved an FHA insured loan with excessive debt-to-income ratios.

II. Lenders that Failed to Timely Meet Requirements for Annual Recertification of HUD/FHA Approval.

Action: The Board entered into settlement agreements with the lenders listed below, which required the lender to pay either a \$3,500 or \$7,500 civil money penalty without admitting fault or liability.

Cause: The Board took this action based upon allegations that the lenders listed below failed to comply with the Department’s annual recertification requirements in a timely manner.

1. Citizens Community Credit Union, Fort Dodge, IA (\$3,500) *[Docket No. 14-1603-MRT]*
2. Community Bank and Trust, Neosho, Mo (\$3,500) *[Docket No. 14-1607-MRT]*

3. Cooperativa de Ahorro y Credito, Caguas, PR (\$3,500) [*Docket No. 13-1500-MRT*]
4. Coral Mortgage Bankers Corporation, Hackensack, NJ (\$3,500) [*Docket No.14-1699-MRT*]
5. First State Bank, Barbourville, WV (\$3,500) [*Docket No.14-1724-MRT*]
6. Mortgage.Shop, LLC, Hampton, VA (\$7,500) [*Docket No.14-1717-MRT*]
7. Northland Financial, Steele, ND (\$3,500) [*Docket No.14-1581-MRT*]
8. STC Capital Bank, St. Charles, IL (\$3,500) [*Docket No.14-1622-MRT*]
9. Security First, Cheyenne, WY (\$3,500) [*Docket No.14-1616-MRT*]
10. Southern Missouri Bank of Marshfield, Marshfield, MO (\$3,500) [*Docket No.14-1568-MRT*]
11. Sunmark FCU, Latham, NY (\$3,500) [*Docket No.14-1597-MRT*]

III. Lenders that Failed to Meet Requirements for Annual Recertification of HUD/FHA

Approval.

Action: The Board voted to withdraw the FHA approval of each of the lenders listed below for a period of one (1) year, or permanently.

Cause: The Board took this action based upon allegations that the lenders listed below were not in compliance with the Department's annual recertification requirements.

1. 1st Commonwealth Bank of Virginia, Arlington, VA (One Year Withdrawal) [*Docket No.15-1511-MRT*]
2. Affordable Home Loans, Inc., Midvale, UT (One Year Withdrawal) [*Docket No.13-1306-MRT*]
3. Allstate Financial Services, Pittsburgh, PA (One Year Withdrawal) [*Docket No.14-1623-MRT*]
4. American Home Equity Corp., Irvine, CA (One Year Withdrawal) [*Docket No.15-1512-MRT*]
5. Atlantic Consolidated LLC, Portland, ME (One Year Withdrawal) [*Docket No.15-*

1513-MRT]

6. Bankerswest Funding Corp., City of Industry, CA (One Year Withdrawal) [*Docket No.15-1514-MRT]*
7. Bay Bank and Trust Company, Panama City, FL (One Year Withdrawal) [*Docket No.15-1515-MRT]*
8. Bellco First Federal Credit Union, Denver, CO (One Year Withdrawal) [*Docket No.15-1516-MRT]*
9. Brightgreen Home Loans, Inc. Charlotte, CO (One Year Withdrawal) [*Docket No.15-1517-MRT]*
10. Carver Federal Savings Bank, New York, NY (One Year Withdrawal) [*Docket No.13-1495-MRT]*
11. Central Progressive Bank, Lacombe, LA (Permanent Withdrawal) [*Docket No.15-1518-MRT]*
12. Chemung Canal Trust Company, Elmira, NY (One Year Withdrawal) [*Docket No.14-1663-MRT]*
13. CLO Funding Corp. Piscataway, NJ (One Year Withdrawal) [*Docket No.15-1519-MRT]*
14. Community Reinvestment Fund Inc. Minneapolis, MN (One Year Withdrawal) [*Docket No.14-1468-MRT]*
15. Cornerstone Mortgage Center, Inc. Sedalia, MO (Permanent Withdrawal) [*Docket No.15-1520-MRT]*
16. Curtis Mortgage Company, Inc., Knoxville, TN (One Year Withdrawal) [*Docket No.15-1521-MRT]*
17. DTI Employees Credit Union, Flatrock, MI (One Year Withdrawal) [*Docket No.15-1522-MRT]*
18. East West Bank, El Monte, CO (One Year Withdrawal) [*Docket No.15-1523-MRT]*
19. Euro International Mortgage, Inc., Delray Beach, FL (One Year Withdrawal) [*Docket No.15-1524-MRT]*
20. Excel Bank, Sedalia, MO (Permanent Withdrawal) [*Docket No.15-1525-MRT]*
21. First Atlantic Mortgage, LLC, Peachtree City, GA (One Year Withdrawal) [*Docket No.15-1526-MRT]*

22. First Meridian Mortgage Corp., Tampa, FL (One Year Withdrawal) [*Docket No.15-1527-MRT*]
23. First New England Mortgage Corp., Nashua, NH (One Year Withdrawal) [*Docket No.15-1528-MRT*]
24. General Electric Employees FCU, Milford, CT (One Year Withdrawal) [*Docket No.15-1529-MRT*]
25. Glasgow, Inc., Greenwood Village, CO (One Year Withdrawal), [*Docket No.15-1530-MRT*]
26. Global Funding Services Corp., Costa Mesa, CA (One Year Withdrawal) [*Docket No.15-1531-MRT*]
27. Grand Rivers Community Bank, Grand Chain, IL (One Year Withdrawal) [*Docket No.13-1488-MRT*]
28. Graystone Solutions, Inc., Sudbury, MA (One Year Withdrawal) [*Docket No.15-1532-MRT*]
29. Highland Mortgage Company, Birmingham, AL (One Year Withdrawal) [*Docket No.15-1533-MRT*]
30. Homebuyers Resource Group, Inc., Baton Rouge, LA (One Year Withdrawal) [*Docket No.14-1681-MRT*]
31. Hyde Park Bank and Trust Co, Chicago, IL (One Year Withdrawal) [*Docket No.15-1534-MRT*]
32. Ideal Federal Savings Bank, Baltimore, MD (Permanent Withdrawal) [*Docket No.15-1535-MRT*]
33. Illinois Service Federal Savings and Loan, Chicago, IL (One Year Withdrawal) [*Docket No.14-1688-MRT*]
34. Ironwood Value Servicer, Inc., New York, NY (One Year Withdrawal) [*Docket No.15-1536-MRT*]
35. L & G Mortgage Banc, Inc., Scottsdale, AZ (One Year Withdrawal) [*Docket No.15-1537-MRT*]
36. Liberty Bank, FSB, West Des Moines, IA (One Year Withdrawal) [*Docket No.13-1332-MRT*]

37. Litton Loan Servicing, LP, Houston, TX (One Year Withdrawal) [*Docket No.15-1538-MRT*]
38. Massachusetts Housing Investment Corp., Boston, MA (One Year Withdrawal) [*Docket No.15-1539-MRT*]
39. McLaughlin Lending Services, LLC, Lacey, WA (One Year Withdrawal) [*Docket No.13-1515-MRT*]
40. Merchants and Farmers Bank, Kosciusko, MS (One Year Withdrawal) [*Docket No.15-1540-MRT*]
41. Montana Mortgage Company, Kalispell, MT (One Year Withdrawal), [*Docket No.15-1541-MRT*]
42. Morgan Stanley Credit Corp., Vernon Hills, IL (One Year Withdrawal), [*Docket No.15-1542-MRT*]
43. Mortgage Security, Inc., Teaticket, MA (One Year Withdrawal), [*Docket No.15-1543-MRT*]
44. MS Mortgage, LLC, Austin, TX (One Year Withdrawal), [*Docket No.15-1544-MRT*]
45. MVB Mortgage Corp., Southfield, MI (One Year Withdrawal), [*Docket No.15-1546-MRT*]
46. Natixis Real Estate Capital, Inc., New York, NY (One Year Withdrawal), [*Docket No.15-1547-MRT*]
47. Neighborhood Credit Union, Dallas, TX (One Year Withdrawal), [*Docket No.15-1548-MRT*]
48. Northern Mass Telephone Workers Community Credit Union, Lowell, MA (One Year Withdrawal), [*Docket No.15-1549-MRT*]
49. ORNL Federal Credit Union, Oak Ridge, TN (One Year Withdrawal), [*Docket No.13-1512-MRT*]
50. Partner Colorado Credit Union, Arvada, CO (One Year Withdrawal), [*Docket No.15-1550-MRT*]
51. Premier Mortgage Services, Salt Lake City, UT (One Year Withdrawal), [*Docket No.15-1551-MRT*]
52. Rabobank NA, Arroyo Granda, CA (One Year Withdrawal), [*Docket No.12-1603-MRT*]

53. Radclift Capital Mortgage, LLC, New York, NY (One Year Withdrawal), *[Docket No.15-1552-MRT]*
54. Real Mortgage Partners, Inc., Austin, TX (One Year Withdrawal), *[Docket No.15-1553-MRT]*
55. Roy Al Finance and Loan Co., El Segundo, CA (One Year Withdrawal), *[Docket No.14-1559 and 14-1560-MRT]*
56. Saxon Equity Mortgage Bankers, Ltd., Hauppauge, NY (One Year Withdrawal), *[Docket No.15-1554-MRT]*
57. Sierra Pacific Home Loans, Inc., Fresno, CA (One Year Withdrawal), *[Docket No.15-1555-MRT]*
58. Southeastern Capital Corp., Birmingham, AL (One Year Withdrawal), *[Docket No.15-1556-MRT]*
59. State Investors Bank, Metairie, LA (One Year Withdrawal), *[Docket No.15-1557-MRT]*
60. Sunset Mortgage Company, Portland, OR (One Year Withdrawal), *[Docket No.15-1558-MRT]*
61. Sunshine Funding USA LLC, South Portland, ME (One Year Withdrawal), *[Docket No.15-1559-MRT]*
62. Sunshine Savings Bank, Tallahassee, FL (One Year Withdrawal), *[Docket No.14-1575-MRT]*
63. TCIF LLC, Armonk, NY (One Year Withdrawal), *[Docket No.15-1560-MRT]*
64. Texstar Lending, Inc., Dallas, TX (One Year Withdrawal), *[Docket No.15-1561-MRT]*
65. United California Systems International, Los Angeles, CA (One Year Withdrawal), *[Docket No.13-1516-MRT]*
66. Venture One Mortgage Corporation, National City, CA (One Year Withdrawal), *[Docket No.15-1562-MRT]*
67. Virginia Commonwealth Bank, Petersburg, VA (One Year Withdrawal), *[Docket No.15-1563-MRT]*

68. Vision Bank, Panama City Beach, FL (Permanent Withdrawal), [*Docket No.15-1564-MRT*]

Date: March 27, 2015

Biniam Gebre, Acting Assistant Secretary for
Housing–Federal Housing Commissioner

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